



PRESS RELEASE

House Armed Services Committee

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OPENING STATEMENT BY CHAIRMAN FLOYD D. SPENCE FULL COMMITTEE HEARING ON U.S. POLICY ON SUPERCOMPUTER EXPORTS

The committee meets today to receive testimony on U.S. policy regarding the export of high-performance, or so-called, supercomputers.

This morning, we will hear from two panels of witnesses. We will start with a General Accounting Office (GAO) witness, after which we will hear from a panel of outside experts and U.S. computer industry representatives.

Later this afternoon, we will receive testimony from Under Secretary of Commerce William Reinsch.

Two years ago, we were all shocked by reports that U.S. supercomputers – which can be used to improve nuclear weapons capabilities or to develop advanced conventional weapons – had been shipped, without any government review or approval, to military-related facilities in both Russia and China. For this reason, I joined with the committee's then-Ranking Member, Mr. Dellums, in co-authoring a provision in the fiscal year 1998 defense authorization bill to ensure that the federal government was notified prior to the export of supercomputers with certain capabilities to a country of proliferation concern – a so-called "Tier 3" country. Contrary to allegations one hears around town, the provision was not intended to (and in fact has not) shut down the export of supercomputers. Instead, the provision simply requires that the government have an opportunity to review certain proposed exports for national security reasons.

This past July, President Clinton announced his intention to exercise the discretion afforded him under the law to increase the performance threshold that triggers the government notification process. The President's proposal is intended to ease the export of more capable computers to these Tier 3 countries, without any government review. Under the law, Congress has until January 23, 2000 to review this proposal before it takes effect. Our hearing today is part of this review process.

To assist the committee in determining the effectiveness of the 1998 legislation, earlier this year Mr. Skelton and I asked the GAO to take a look at how the notification requirement has worked. In its recent report, GAO has concluded that the export notification process contained in the 1998 law has helped to prevent the shipment of U.S. supercomputers to potentially dangerous end-users. Specifically, the GAO found that in more than 10

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percent of industry's notifications to the Commerce Department of an intent to export a supercomputer, the government decided to require the exporter to submit a formal export license application because of security concerns. While we can debate whether a smaller or larger number of proposed exports should have been "flagged," in my view, GAO's findings validate the fundamental importance of maintaining government visibility into where U.S. high-performance computer exports are going.

The President's recently proposed revision to the notification threshold is the third major revision to U.S. computer export policy proposed by this Administration. Since the President's July announcement, the committee has been engaged with the Administration, the computer industry, and outside experts in a continuing dialogue to understand the rationale behind, and implications of, further decontrols of supercomputer exports. On October 19, 1999, Mr. Skelton and I wrote the President asking him to respond to a series of questions regarding the national security implications of his proposal, as well as the impact it will have on the U.S. computer industry. A copy of that letter is before each Member.

Given the recent history of unauthorized computer exports to potentially dangerous end users, and the Administration's inclination to "weigh" commercial considerations more heavily than national security concerns on matters of export control policy, I thought it important to have this hearing prior to our adjournment. Whether or not the proposed relaxation of supercomputer export controls will pose increased national security risks is an issue we are looking to our panelists to help us determine.

To help us better understand the current government review process and the President's proposal, our first witness this morning will be:

- Mr. Jim Johnson, Associate Director of the National Security and International Affairs Division of the GAO.

Following Mr. Johnson's testimony and members' questions, we will move to a second panel of outside experts and industry representatives. They will be:

- Mr. Gary Milhollin, Executive Director of the Wisconsin Project on Nuclear Arms Control;
- Dan Hoydysh, Director of Trade, Public Policy and Government Affairs, UNISYS and Co-Chair of the Computer Coalition for Responsible Exports;
- Dr. Steven Bryen, former Director of the Defense Technology Security Administration.

After conclusion of the second panel, the committee will recess and reconvene at 2:00 PM to hear from William Reinsch, Under Secretary of Commerce for Export Administration.

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